

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
W.R. GRACE & Co., <u>et al.</u> ,)	Case No. 01-01139 (JKF)
)	(Jointly Administered)
Debtors)	
)	

THIRTY-FIFTH INTERIM APPLICATION OF CAPSTONE ADVISORY GROUP, LLC,
FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED
AND REIMBURSEMENT OF EXPENSES INCURRED
(FOR THE PERIOD FROM DECEMBER 1, 2006 THROUGH DECEMBER 31, 2006)

Name of Applicant:	Capstone Advisory Group, LLC (formerly known as Capstone Corporate Recovery, LLC)
Authorized to Provide Professional Services to:	The Official Committee of Unsecured Creditors
Date of Retention:	June 8, 2004 (<u>nunc pro tunc</u> to February 4, 2004)
Period for which compensation and reimbursement is sought:	December 1, 2006 through December 31, 2006
Amount of Compensation sought as actual, reasonable and necessary (80% of \$59,630.50):	\$ 47,704.40
Amount of Expense Reimbursement sought as actual, reasonable and necessary (100%):	\$ <u>381.70</u>
Total Amount Due:	\$ 48,086.10

Capstone replaced FTI Consulting, Inc. ("FTI") as financial advisors to the Official Committee of Unsecured Creditors, nunc pro tunc to February 4, 2004, so ordered by the Court on June 8, 2004.

The total time expended and included herein for fee application preparation and response to U.S. Trustee inquiries is 25.4 hours and corresponding compensation requested is approximately \$8,667.00.

This is the Thirty-Fifth Interim Application filed by Capstone. Disclosure for the current period and prior periods is as follows:

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**ATTACHMENT A
TO FEE APPLICATION**

Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
June 10, 2004	February 4, 2004 through February 29, 2004	\$94,882.00	\$3,932.07	\$75,905.60
June 10, 2004	March 1, 2004 through March 31, 2004	\$136,415.50	\$1,819.00	\$109,132.40
Totals First Quarterly	February 4, 2004 through March 31, 2004	\$231,297.50	\$5,751.07	\$185,038.00
June 12, 2004	April 1, 2004 through April 30, 2004	\$61,925.00	\$678.33	\$49,540.00
July 13, 2004	May 1, 2004 Through May 31, 2004	\$32,665.00	\$477.15	\$26,132.00
August 5, 2004	June 1, 2004 through June 30, 2004	\$106,470.50	\$1,119.63	\$85,176.40
Totals Second Quarterly	April 1, 2004 through June 30, 2004	\$201,060.50	\$2,275.11	\$160,848.40
August 31, 2004	July 1, 2004 through July 31, 2004	\$68,533.50	\$667.60	\$54,826.80
September 24, 2004	August 1, 2004 through August 31, 2004	\$99,215.50	\$1,341.49	\$79,372.40
October 28, 2004	September 1, 2004 through September 30, 2004	\$44,918.25	\$658.72	\$35,934.60
Totals Third Quarterly	July 1, 2004 through September 30, 2004	\$212,667.25	\$2,667.81	\$170,133.80

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(FOR THE PERIOD FROM DECEMBER 1, 2006 THROUGH DECEMBER 31, 2006)

Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
December 6, 2004	October 1, 2004 through October 31, 2004	\$57,592.50	229.77	\$46,074.00
December 22, 2004	November 1, 2004 through November 30, 2004	\$84,366.50	\$745.91	\$67,493.20
January 28, 2005	December 1, 2004 Through December 31, 2004	\$82,351.00	\$ 1,943.96	\$65,880.80
Totals Fourth Quarterly	October 1, 2004 through December 31, 2004	\$224,310.00	\$2,919.64	\$179,448.00
February 25, 2005	January 1, 2005 through January 31, 2005	\$69,477.00	\$276.18	\$55,581.60
March 29, 2005	February 1 through February 28, 2005	\$77,228.50	\$1,727.60	\$61,782.80
May 6, 2005	March 1, 2005 through March 31, 2005	\$126,012.00	\$ 494.94	\$100,809.60
Totals Fifth Quarterly	January 1, 2005 through March 31, 2005	\$272,717.50	\$2,498.72	\$218,174.00
June 3, 2005	April 1, 2005 through April 30, 2005	\$ 87,936.00	\$ 435.16	\$ 70,348.80
July 6, 2005	May 1, 2005 through May 31, 2005	\$119,435.00	\$1,275.00	\$ 95,548.00
July 15, 2005	June 1, 2005 through June 30, 2005	\$89,859.00	\$542.69	\$71,887.20

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Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
Totals Sixth Quarterly	April 1, 2005 through June 30, 2005	\$297,230.00	\$2,252.85	\$237,784.00
September 19, 2005	July 1, 2005 through July 31, 2005	\$90,014.50	\$621.03	\$72,011.60
October 7, 2005	August 1, 2005 through August 31, 2005	\$126,233.00	\$1,532.46	\$100,986.40
October 31, 2005	September 1, 2005 through September 30, 2005	75,983.50	\$482.03	\$60,786.80
Totals Seventh Quarterly	July 1, 2005 through September 30, 2005	\$292,231.00	\$2,635.52	\$233,784.80
December 16, 2005	October 1, 2005 through October 31, 2005	95,742.50	\$750.36	76,594.00
December 30, 2005	November 1, 2005 through November 30, 2005	\$118,062.00	\$1,119.74	\$94,449.60
February 9, 2006	December 1, 2005 through December 31, 2005	\$122,018.50	\$938.82	\$97,614.80
Totals Eighth Quarterly	October 1, 2005 through December 31, 2005	\$335,823.00	\$2,808.92	\$268,658.40
March 21, 2006	January 1, 2006 through January 31, 2006	\$85,745.00	\$631.01	\$68,596.00
April 20, 2006	February 1, 2006 through February 28, 2006	\$173,916.50	\$2,359.69	\$139,133.20

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Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
May 9, 2006	March 1 through March 31, 2006	\$141,040.50	\$1,017.99	\$112,832.40
Totals Ninth Quarterly	January 1, 2006 through March 31, 2006	\$400,702.00	\$4,008.69	\$320,561.60
May 23, 2006	April 1, 2006 through April 30, 2006	\$125,055.00	\$1,929.46	\$100,044.00
June 21, 2006	May 1, 2005 Through May 31, 2006	\$146,396.50	\$965.43	\$117,117.20
July 20, 2006	June 1, 2006 Through June 30, 2006	\$140,368.50	\$1,263.86	\$140,368.50
Totals Tenth Quarterly	April 1, 2006 through June 30, 2006	\$411,820.00	\$4,158.75	\$329,456.00
	Adjustment for July photocopies		\$(6.55)	
August 25, 2006	July 1, 2006 through July 31, 2006	\$102,449.00	\$566.51	\$ 81,959.20
October 2, 2006	August 1, 2006 Through August 31, 2006	\$111,154.00	\$505.01	\$88,923.20
November 13, 2006	September 1, 2006 through September 30, 2006	\$75,103.50	\$633.57	\$ 60,082.80
Totals Eleventh Quarterly	July 1, 2006 through September 30, 2006	\$288,706.50	\$1,698.54	\$230,965.20
December 20, 2006	October 1, 2006 Through October 31, 2006	\$63,155.50	\$206.40	\$50,524.40
January 22, 2007	November 1, 2006 Through November 30, 2006	\$98,985.50	\$809.09	\$79,997.49

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Date Filed (on or about)	Period Covered	Fees (100%)	Expenses (100%)	Fees (80% of requested fees)
March 16, 2007	December 1, 2006 Through December 31, 2006	\$59,630.50	\$381.70	\$47,704.40

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**ATTACHMENT B
TO FEE APPLICATION**

1. Summary of Fees by Professional
2. Summary of Fees by Task Code
3. Detailed Time Description by Task Code
4. Expense Detail

W.R. Grace & Co.
Capstone Advisory Group, LLC
Summary of Fees by Professional
For the Period 12/1/06 through 12/31/06

Professional	Position	Billing Rate	Hours	Fees
E. Ordway	Member	\$555	14.50	\$8,047.50
S. Cunningham	Member	\$555	35.10	\$19,480.50
R. Frezza	Consultant	\$450	21.40	\$9,630.00
J. Dolan	Consultant	\$355	62.50	\$22,187.50
M. Desalvio	Research	\$150	0.70	\$105.00
N. Backer	Paraprofessional	\$90	2.00	\$180.00
For the Period 12/1/06 through 12/31/06			136.20	\$59,630.50

W.R. Grace & Co.
Capstone Advisory Group, LLC
Summary of Fees by Task Code
For the Period 12/1/06 through 12/31/06

Task Code	Task Description	Hours	Fees
03. Claims Analysis & Valuation	During the Fee Application period, the Applicant prepared various analyses of claims and debt capacity, reviewed recovery scenarios under various assumptions, analyzed cash on hand and developed projection of future cash.	8.20	\$4,551.00
04. Creditor Committee Matters	During the Fee Application period, the Applicant discussed case issues including the PI/PD estimation, pension and acquisitions with counsel and Committee members.	20.40	\$9,311.00
07. Fee Applications & Invoices	During the Fee Application Period, the Applicant responded to U.S. Trustee inquiries and prepared the October and November Fee Statements.	25.40	\$8,667.00
08. Financial Analysis - Schedules & Statements	During the Fee Application Period, the Applicant analyzed data regarding Q32006 results by comparing sales, EBIT, and gross margin to Plan and prior year, as well as a review of industry and peer reports. A comprehensive report to Committee was prepared thereon.	79.30	\$36,215.50
21. Research	During the Fee Application period, the Applicant Obtained industry and peer information to assist in Preparation of Committee report.	0.70	\$105.00
26. Meetings with Debtors/Advisors	During the Fee Application Period, the Applicant prepared for and participated in a discussions regarding acquisitions and Q3 results.	2.20	\$781.00
For the Period 12/1/06 through 12/31/06		136.20	\$59,630.50

W.R. Grace & Co.
Capstone Advisory Group, LLC
Detailed Time Description by Task Code
For the Period 12/1/06 through 12/31/06

Date	Professional	Hours	Detailed Time Description
03. Claims Analysis & Valuation			
12/13/2006	E. Ordway	0.90	Updated model on claims and recovery based on revised earnings trends.
12/14/2006	E. Ordway	0.50	Continued updating model on claims and recovery based on revised earnings trends.
12/19/2006	E. Ordway	0.90	Continued updating model on claims and recovery based on revised earnings trends.
12/20/2006	S. Cunningham	1.30	Updated and reviewed latest peer group data utilized in EV recovery analysis.
12/20/2006	E. Ordway	0.90	Analyzed cash on hand, both domestic & foreign and developed projection of future cash on hand in 2007, 2008.
12/21/2006	E. Ordway	1.40	Analyzed cash on hand both domestic & foreign and developed projection of future cash on hand in 2007 and 2008.
12/28/2006	S. Cunningham	2.30	Updated Claims summary and recovery analysis.
Subtotal		8.20	
04. Creditor Committee Matters			
12/1/2006	E. Ordway	0.70	Read and analyzed counsel's report regarding a disputed claim matter.
12/4/2006	J. Dolan	1.10	Reviewed and analyzed U.S. Bankruptcy Court docket for recent postings.
12/7/2006	E. Ordway	0.50	Read and analyzed counsel's memo regarding recent court hearing on PI estimation.
12/7/2006	J. Dolan	1.80	Management of open items related to the case; review and analysis of recent docket items.
12/12/2006	J. Dolan	1.10	Status update with Counsel related to court hearing and committee matters.
12/12/2006	J. Dolan	1.00	Review and analysis of recent docket items.
12/13/2006	R. Frezza	1.40	Additional report revisions based on new data/responded to questions from committee member.
12/14/2006	E. Ordway	0.80	Read and analyzed counsel's memo regarding ZAI issues.

Date	Professional	Hours	Detailed Time Description
12/14/2006	S. Cunningham	3.30	Reviewed and discussed ZAI issues with various debt holders.
12/14/2006	J. Dolan	0.80	Review and analysis of recent docket items.
12/15/2006	R. Frezza	0.80	Discussed result of ZAI hearing with counsel. Responded to questions from debt holders.
12/15/2006	S. Cunningham	3.00	Reviewed ZAI case issues.
12/20/2006	E. Ordway	0.70	Read and analyzed counsel's memo on ZAI matters.
12/20/2006	E. Ordway	0.30	Called Committee members to discuss various case matters.
12/21/2006	J. Dolan	1.20	Reviewed and analyzed recent docket items.
12/21/2006	J. Dolan	1.90	Billing analysis for quarterly fee apps and monthly fee apps.
Subtotal		20.40	
07. Fee Applications & Invoices			
12/5/2006	E. Ordway	0.60	Prepared memorandum and other data to respond to US Trustee's fee inquiry.
12/5/2006	J. Dolan	3.40	Review of request for response from fee auditor related to an initial report for the 21st interim period. Researched the time records and prior fee audit responses. Discussed with fee auditor who, in turn, settled the fee period.
12/7/2006	J. Dolan	2.80	Fee Application for October.
12/11/2006	J. Dolan	2.80	Preparation of October fee application.
12/11/2006	J. Dolan	1.70	Preparation of November fee application.
12/14/2006	J. Dolan	2.50	Preparation and review of October fee application.
12/15/2006	N. Backer	2.00	Grace fee application for October.
12/15/2006	J. Dolan	1.40	Review of October fee application.
12/19/2006	E. Ordway	0.30	Prepared fee application.
12/19/2006	J. Dolan	2.90	Preparation of November fee application.
12/20/2006	J. Dolan	2.30	Preparation of November fee application.
12/21/2006	J. Dolan	2.70	Finalization of October fee app and preparation of November fee app.
Subtotal		25.40	

Date	Professional	Hours	Detailed Time Description
08. Financial Analysis - Schedules & Statements			
12/1/2006	R. Frezza	4.80	Prepared for and participated in conference call with Grace management and Blackstone re: responses on Q3 results. Performed detailed review of Q3 update report to committee.
12/1/2006	S. Cunningham	3.30	Prepared analysis and reviewed Q3 performance data.
12/4/2006	S. Cunningham	1.30	Prepared analysis and reviewed Q3 performance data.
12/4/2006	E. Ordway	0.70	Read and analyzed monthly financial report from the Debtors' and summarized items for staff to follow-up.
12/4/2006	J. Dolan	2.60	Continued review and analysis for 3Q2006 report and incorporated additional information received from Debtor.
12/4/2006	J. Dolan	0.70	Discussed peer review section with team members to be included in 3Q2006 report to the Committee.
12/4/2006	R. Frezza	3.80	Reviewed near final draft of Q3 06 report to committee; prepared additional peer group analyses on increase in EV and stock prices.
12/5/2006	E. Ordway	1.30	Directed staff in preparation of 3rd Quarter report.
12/5/2006	J. Dolan	2.00	Review and analysis of follow-up items received from Debtor advisors and incorporated into 3Q2006 report.
12/5/2006	S. Cunningham	3.00	Prepared analysis and reviewed Q3 performance data.
12/5/2006	R. Frezza	4.60	Continued review of final draft of Q3 06 report to committee; finalized peer analyses (EV increase analysis).
12/6/2006	R. Frezza	2.20	Continued review/update of final draft of Q3 06 report to committee; finalized peer analyses (EV increase analysis).
12/6/2006	J. Dolan	1.50	Continued review and analysis of 3Q2006 Report to the Committee including EBITDA bridges from Actual to Plan.
12/6/2006	J. Dolan	2.90	Review of peer review analysis and discussion with team member regarding conclusions reached; Incorporated changes into 3Q2006 report to reflect analysis.
12/6/2006	S. Cunningham	4.00	Prepared analysis and reviewed Q3 performance data.
12/7/2006	S. Cunningham	2.30	Prepared analysis and reviewed Q3 performance data.
12/7/2006	E. Ordway	0.60	Reviewed peer group information assembled by staff.
12/8/2006	J. Dolan	2.70	Analysis of 3Q2006 current issues to be included in Committee Report including latest estimates, hedging contracts, environmental reserves, 2007 Plan.

Date	Professional	Hours	Detailed Time Description
12/11/2006	R. Frezza	2.60	Final review of Q3 report/discussed/made changes to report based on internal review process.
12/11/2006	E. Ordway	1.10	Prepared analysis of EBITDA and budget changes from 2005.
12/12/2006	R. Frezza	1.20	Final review of Q3 report/final changes made.
12/12/2006	J. Dolan	2.50	Review of 3Q2006 Committee report with team members and subsequent revisions to report.
12/12/2006	S. Cunningham	4.00	Reviewed and edited draft report to committee re: Q3.
12/12/2006	E. Ordway	0.90	Read and edited report to the Committee regarding 3rd Quarter.
12/13/2006	S. Cunningham	4.00	Reviewed and edited draft report to committee re: Q3.
12/13/2006	J. Dolan	2.60	Analysis of final report to Committee.
12/14/2006	J. Dolan	2.50	Final review of report and distribution to Committee Agent and Counsel for review.
12/15/2006	J. Dolan	0.50	Incorporated comments from team into 3Q2006 report to Committee.
12/18/2006	J. Dolan	1.50	Final comments and discussion of 3Q2006 report from Counsel.
12/18/2006	E. Ordway	1.40	Finalized report on 3rd Quarter by editing report draft.
12/19/2006	J. Dolan	2.80	Review and analysis of monthly operating report.
12/20/2006	J. Dolan	1.30	Distribution memo and distribution of 3Q2006 financial report to Committee members.
12/21/2006	J. Dolan	2.80	Preparation of memo and distribution of financial information from the Company's 3Q06 Financial Results Book to the Committee.
12/29/2006	S. Cunningham	3.30	Reviewed and updated historical P&L versus plan and prior year.
Subtotal		79.30	
21. Research			
12/5/2006	M. Desalvio	0.70	Retrieved peer analysis to be included in the report to the Committee.
Subtotal		0.70	
26. Meetings with Debtors/Advisors			
12/1/2006	J. Dolan	2.20	Preparation for and participation in conference call with the Debtor and Blackstone to discuss 3Q2006 report follow-up questions.

Date	Professional	Hours	Detailed Time Description
Subtotal		2.20	
Total Hours		136.20	

W.R. Grace & Co.
Capstone Advisory Group, LLC
Expense Detail
For the Period 12/1/06 through 12/31/06

Date	Professional	Detail	Amount
Copies			
12/31/2006	Capstone Expenses	Copies - 881 @ .10 each	\$88.10
Subtotal - Copies			\$88.10
Postage/FedEx			
12/29/2006	N. Backer	Postage for monthly distribution mailing.	\$23.79
Subtotal - Postage/FedEx			\$23.79
Research			
12/31/2006	Capstone Expenses	December Bloomberg	\$106.00
12/31/2006	Capstone Expenses	December Pacer invoice	\$7.04
Subtotal - Research			\$113.04
Scans			
12/31/2006	Capstone Expenses	Scans - 4 @ \$1.00 each	\$4.00
Subtotal - Scans			\$4.00
Telecom Charges			
12/31/2006	Capstone Expenses	December telephone - Saddle Brook office	\$152.77
Subtotal - Telecom Charges			\$152.77
For the Period 12/1/06 through 12/31/06			\$381.70